

Title 36
MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY
Subtitle 10 SPORTS WAGERING PROVISIONS
Chapter 12 Collection of Taxes, Fees, and Penalties

Authority: State Government Article, §§9-1A-02, 9-1A-04, 9-1A-33 and 9-1E-01—9-1E-15,
Annotated Code of Maryland

.03 Obligation to Pay.

A. A tax that is due and payable shall be paid by an applicant or licensee and collected in accordance with State and federal law.

B. A sports wagering licensee shall submit monthly sports wagering tax returns to the Commission by the 5th day of the following month.

C. If monthly sports wagering taxes are due, the licensee shall pay them to the Commission by wire transfer by the ~~5th~~ 7th day of the following month.

D. If, by the ~~seventh~~ tenth calendar day of the month, a sports wagering licensee fails to submit a properly completed sports wagering tax return and all taxes due to the Commission, the sports wagering license shall be automatically suspended.

E. If a sports wagering license is suspended under ~~of~~ this regulation, the Commission may lift the license suspension after the licensee submits the tax return and the tax payment.

F. For a fee or penalty:

(1) The Commission shall issue an invoice or other order to pay; and

(2) An applicant or licensee shall remit payment to the Commission within 30 days after the date of the invoice or order to pay.

G. Reconciliation of Gross Sports Wagering Receipts.

(1) If a sports wagering licensee returns to successful bettors more than the amount of money wagered on a sporting event, the sports wagering licensee may subtract the difference between the amount wagered and the amount returned to bettors from its proceeds of up to 3 months.

(2) A sports wagering licensee may not subtract losses under §G(1) of this regulation for more than 3 consecutive months.

Title 36
MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY
Subtitle 10 SPORTS WAGERING PROVISIONS
Chapter 13 Sports Wagering Licensee Minimum Internal Control Standards

Authority: Education Article §§10-101 and 26-801; State Government Article, §§9-1A-02, 9-1A-04, 9-1A-33, 9-1E-01—9-1E-15; Annotated Code of Maryland

.06 Annual Audit and Other Regulatory Reports.

A. A sports wagering licensee shall cause its annual financial statements to be audited in accordance with generally accepted auditing standards by an independent certified public accountant.

~~[B. The annual financial statements shall be prepared on a comparative basis for the current and prior fiscal year and present financial position and results of operations in conformity with generally accepted accounting principles in the United States.]~~

B. The annual financial statements shall be:

(1) Prepared on a comparative basis for the current and prior fiscal year and present financial position and results of operations in conformity with generally accepted accounting principles in the United States; and

(2) If the revenue and assets of the Maryland sports wagering licensee operations are less than seventy five percent of the combined total of the operator's parent, Maryland specific audited annual financial statements of the sports wagering licensee revenue and assets.

C. The audited financial statements shall include a footnote reconciling and explaining any difference between the financial statements included in any report submitted to the Commission under Regulation .06 of this chapter and the audited financial statements.

D. – R. (text unchanged)

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.37 Bettor Complaints.

A. A sports wagering licensee shall attempt to timely resolve a dispute with a bettor concerning the licensee's sports wagering operation or payment of alleged winnings within 7 days after receiving the complaint.

~~[B. A sports wagering licensee who is unable to satisfactorily resolve a dispute with a bettor within 3 days of notice of the dispute shall notify the Commission of the dispute.]~~

B. A sports wagering licensee shall maintain, in a retrievable format approved by the Commission, a copy of all bettor complaints and all documentation of the licensee's response.

~~C. [On receipt of notice by the sports wagering licensee of the dispute, the Commission shall provide the bettor with a Commission bettor complaint form together with instructions for completing and submitting the form]~~On receipt of a complaint, the

~~[D. The]~~ Commission shall investigate ~~[a complaint submitted to the Commission]~~ and notify the bettor and sports wagering licensee of its determination.

~~[E. The Commission may provide a bettor with a complaint form at any time upon request.]~~

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.40 Security of Funds and Data.

A. A sports wagering licensee shall comply with all applicable state and federal requirements for data security.

B. [A] Unless a bettor provides documentable consent to the sports wagering licensee, the [sports wagering] licensee may not share information that could be used to personally identify a bettor or their gaming habits with any third party other than the Commission, law enforcement with a warrant or subpoena, or a credit-reporting agency when determining whether an individual is credit-worthy.

C. – J. (text unchanged)

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ALL NEW REGULATION

.45 Wind Down and Cessation of Operation.

A. Definitions. In this regulation, these terms have the meaning indicated:

(1) “Cease operations” or “cessation of operations” means the date and time after which a sports wagering licensee temporarily or permanently stops accepting wagers in Maryland.

(2) “Wind down” means the process before and after a cessation of operations by which a sports wagering licensee ends its sports wagering operations in Maryland.

B. A sports wagering licensee that intends to cease operations shall submit to the Commission notice of its intent to cease operations at least 7 days before its proposed cessation of operations.

C. No more than five business days after submitting notice of its intent to cease operations, a sports wagering licensee shall submit to the Commission a wind down plan that specifies how the licensee will:

(1) Announce to its bettors, vendors, and the public when it will cease operations and wind down, including timelines;

(2) In clear and conspicuous terms, explain to bettors their rights and remedies associated with the licensee’s cessation of operations and wind down;

(3) Distribute winnings to a bettor holding an unredeemed winning sports wagering ticket;

(4) Distribute winnings to a bettor holding a sports wagering ticket for sporting events with outcomes that have not yet been determined;

(5) Pay all amounts in a bettor’s sports wagering account to the bettor;

(6) Close a bettor’s account;

(7) Close its platform to further public access;

(8) Distribute funds representing unredeemed winning tickets to the Problem Gambling Fund 182 days after the wager outcome has been determined;

(9) Transfer funds from bettor accounts to the State Comptroller if funds can not be paid to the account owner;

(10) Satisfy current and future financial and reporting obligations related to its sports wagering operations; and

(11) Ensure the Commission has all information necessary to access and use a letter of credit, bond, or similar assurance mechanism to satisfy financial obligations, if needed.

C. A sports wagering licensee's submissions required under § B of this regulation shall include verbatim, the communications it proposes to use to notify bettors of rights and remedies associated with its cessation of operations and wind down.

D. The Commission may:

(1) Approve a sports wagering licensee's wind down plan;

(2) Approve submissions required in the wind down plan;

(3) Require changes to a wind down plan; or

(4) Reject the wind down plan.

E. A sports wagering licensee may only notify a bettor after the Commission approves the wind down plan.

F. At the conclusion of the wind down, a sports wagering licensee shall submit a report to the Commission as notification that it has completed all actions necessary and is terminating all operations in the State.

G. Nothing in this regulation is intended to change a requirement or obligation imposed under another statute or regulation.

Title 36
MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY
Subtitle 10 SPORTS WAGERING PROVISIONS
Chapter 14 Sports Wagering Requirements and Limitations

Authority: State Government Article, §§9-1E-01—9-1E-15, and 9-1E-17, Annotated Code of Maryland

.06 Reserve.

A. A sports wagering licensee shall maintain a reserve in cash, cash equivalents, irrevocable letter of credit, surety bond set forth in §F of this regulation, or a combination thereof in an amount approved by the Commission to cover the outstanding liability of the sports wagering licensee to bettors.

B. A sports wagering licensee may not remove, release, or withdraw funds from its reserve without the written approval of the Commission.

C. The amount in the reserve shall be at least \$500,000 and equal or exceed the aggregate sum of:

- (1) The total amount of funds to cover the potential liability for all wagers accepted by the sports wagering licensee on sporting events with outcomes that have not been determined; and
- (2) Money owed but unpaid by the sports wagering licensee to bettors on winning wagers.

D. A sports wagering licensee shall ensure that the reserve is held:

- (1) By a financial institution insured by the Federal Deposit Insurance Corporation and licensed to transact business in the State; or
- (2) For sports wagering facility licensee, in cash held on facility premises.

E. A sports wagering licensee shall:

- (1) Calculate its reserve requirements each day; and
- (2) If the sports wagering licensee determines its reserve is insufficient to cover the requirement of this regulation, notify the Commission in writing:
 - (a) Within 24 hours of the deficiency; and

(b) The steps to be taken to remedy the deficiency.

F. A sports wagering licensee may satisfy the reserve requirements in this regulation if the licensee adds sufficient funds to cover the calculated requirement prior to the end of the following business day.

[F.]G. (text unchanged)

Proposed

Title 36
MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY
Subtitle 10 SPORTS WAGERING PROVISIONS
Chapter 18 Sports Wagering Technical Standards

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

.04 Geolocation Systems.

A. – D. (text unchanged)

~~[E. The Commission may require additional geolocation requirements.]~~

E. A sports wagering licensee shall:

(1) Prior to commencing operations, and annually thereafter, ensure its geolocation system is tested by a Commission approved testing laboratory;

(2) Ensure that testing of the geolocation system includes:

(a) Attempts to place wagers at locations from outside of the State from multiple locations within varying distances from the State border;

(b) Attempts to place wagers at locations within the State from multiple locations within varying distances from the State border; and

(c) Attempts to place wagers in which the tester crosses the State border;

(3) For all geolocation testing, ensure that the frequency of geolocation check is documented and tested;

(4) Ensure that testing confirms that a geolocation check occurs immediately upon a change of IP address;

(5) Ensure that testing includes static and mobile connections; and

(6) Ensure that testing is completed on all device types using the most prevalent versions available.

F. A sports wagering licensee shall grant the Commission read only access to its geolocation system as required by the Commission.

G. In addition to the requirements in this regulation, the Commission may require a sports wagering licensee to implement other geolocation features.

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Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

.05 Bettor Accounts.

A. – E. (text unchanged)

F. Creation of a Bettor Account.

(1) – (2) (text unchanged)

(3) A sports wagering licensee shall implement a required multi-factor authentication process for all bettor accounts.

(4) A sports wagering licensee may use a multi-factor authentication process that uses a:

(a) One-time password or code sent to a device or account that is confirmed to be owned by the owner of the bettor account;

(b) Software token generated from an authentication application;

(c) Face ID or fingerprint verification application; or

(d) Different method approved by the Commission.

(5) The bettor must successfully complete a multi-factor authentication at account creation before the bettor may access their account and for each new device used to login to the account.

(6) The bettor must repeat multi-factor authentication at least every 14 days for each device.

G. – V. (text unchanged)